

budget, which proposes to eliminate several programs important to the safety of all Americans. Programs on the chopping block include the COPS Interoperability Grant Program, the SAFER Program for firefighting equipment, the Metropolitan Medical Response System, the Law Enforcement Terrorism Prevention Program, and Justice Assistance Grants. In 2005, these programs provided more than \$13 million in grants to help Rhode Island's first responders keep my constituents safe. Since September 11, we have asked our police and firefighters to do so much more, but this budget fails to provide the resources they so badly need.

In addition, the budget would freeze or cut all non-homeland security discretionary spending. If the Republicans have their way, 5 years from now, education and health programs will receive less than they do today. Cuts to social programs would place a larger burden on the working class at a time when they can least afford it.

Even with all of these cuts, the Republicans still have no plan to balance the budget. Instead, they want to give away the savings to the wealthy by making permanent tax cuts on investment income. As the New York Times indicated yesterday, "Americans with annual incomes of \$1 million or more, about one-tenth of 1 percent of all taxpayers, reaped 43 percent of all the savings on investment taxes in 2003." At the same time, those earning less than \$50,000 saved an average of only \$10 on the same capital gains and dividend tax cuts. The wealthiest Americans are doing fine on their own, and we should not be borrowing money to give them tax cuts.

Deficit spending has stymied job growth and is plaguing our economy. No Rhode Islander would write a check without sufficient funds to cash that check. Neither should the government. I urge my colleagues to join me in supporting the Spratt budget substitute and opposing the underlying Republican plan.

Mr. BISHOP of New York. Mr. Chairman, I rise in opposition to the budget resolution and in support of the Democratic substitute.

The President and the Republican majority like to take credit when there's a better statistic to report about the economy. Those stats might mean something to the fortunate few in the top income bracket.

But middle-class families struggling to keep up with soaring tuition, health care and gas prices don't have much to celebrate. And a budget that builds on a strong economy for all Americans shouldn't be one that allows more pensions to evaporate and tears more holes through the safety net.

Is there any doubt today that this Administration's first priority has been—and continues to be—tax cuts for the wealthiest at the expense of education, health care, scientific research and other middle class priorities, all of which are being cut to pay for these tax cuts?

But my main concern is the hypocrisy of this budget—that extending dividend, capital gains, and tax cuts for millionaires and corporations are like a rising tide that lifts all boats. We've already proved more needs to be done than just hope that sooner or later tax cuts will reach Americans who need our help the most.

Why, for instance, are we saddled with record-breaking deficits exceeding \$400 billion; \$3 trillion in new debt since 2001; a debt limit now over \$9 trillion; and deep cuts to hospitals, schools, and security? If our tax cuts

performed as our friends on the other side of the aisle had promised, an exploding economy would have wiped out this debt.

How can we possibly justify a budget that cuts taxes for millionaires worth more than President Bush requested for the Department of Education and more than twice his budget for the Department of Veterans Affairs?

The answer is that we can't justify the choices made to produce this budget. Under this resolution, Mr. Chairman, those who need our help the most must get in line and hope that the benefits of tax cuts for millionaires and corporations will ultimately trickle down to them.

Mr. Chairman, middle-class Americans deserve much better.

Ms. CORINE BROWN of Florida. Mr. Chairman, "I believe that the current budget proposal does not accommodate really crucial city safety net needs, education needs and health care needs . . . (and) I have tried as clearly as I could to lay out my concerns, which frankly are shared by a significant number in this caucus." Now, you might think that this quote was taken from someone in the Democratic leadership, or the Congressional Black Caucus, but no: This is a quote from a Republican Member of the House of Representatives. And I ask, why, my colleagues, was this said? Well, the answer is simple.

The Republican leadership is robbing from the poor to give tax cuts to the rich. That's what this budget, and this debate, are all about. We are talking about priorities here folks, and this Republican budget certainly makes it clear who the party in power supports, and who they don't.

Who do they support? That's easy: big insurance companies, HMOs, millionaires on Wall Street, the oil industry and huge defense contractors, that's who. And who don't they support? Well, that question is easy too, just look at who gets the short end of the stick in this budget: teachers, police, first responders, students, our veterans, and the elderly. Yes, since the Republican takeover it's the same old story folks: drastic cuts in vital social service programs, and going so far as to eliminate food programs for poor children and their mothers! This is a mean, mean spirited budget, my colleagues, and we need to send it right back to the smoky back room where the lobbyists and Republican leadership wrote it!

Mr. NUSSLE. Mr. Chairman, I yield back the balance of my time.

The Acting CHAIRMAN (Mr. BISHOP of Utah). All time for general debate has expired.

Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. BURGESS) having assumed the chair, Mr. BISHOP, Acting Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the concurrent resolution (H. Con. Res. 376) establishing the congressional budget for the United States Government for fiscal year 2007 and setting forth appropriate budgetary levels for fiscal years 2008 through 2011, had come to no resolution thereon.

# MOTION TO INSTRUCT CONFEREES ON H.R. 4297, TAX RELIEF EXTENSION RECONCILIATION ACT OF 2005

Mr. CARDIN. Mr. Speaker, I offer a motion to instruct.

The SPEAKER pro tempore (Mr. BISHOP of Utah). The Clerk will report the motion.

The Clerk read as follows:

Mr. Cardin of Maryland moves that the managers on the part of the House at the conference on the disagreeing votes of the two Houses on the Senate amendment to the bill H.R. 4297 be instructed—

(1) to agree to the provisions of section 102 (relating to credit for elective deferrals and ira contributions), and section 108 (relating to extension and modification of research credit), of the Senate amendment,

(2) to agree to the provisions of section 106 of the Senate amendment (relating to extension and increase in minimum tax relief to individuals),

(3) to recede from the provisions of the House bill that extend the lower tax rate on dividends and capital gains that would otherwise terminate at the close of 2008, and

(4) to the maximum extent possible within the scope of conference, to insist on a conference report which will neither increase the Federal budget deficit nor increase the amount of the debt subject to the public debt limit.

The SPEAKER pro tempore. Pursuant to clause 7 of rule XXII, the gentleman from Maryland (Mr. CARDIN) and the gentleman from Pennsylvania (Mr. ENGLISH) each will control 30 minutes.

The Chair recognizes the gentleman from Maryland.

Mr. CARDIN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, people of this country are looking to our leadership for change. They want us to move in a different direction. They are tired of our spending money and going further into debt. They want to see us do something about the national debt and the deficit here in Washington. They want us to stop digging the hole deeper. They want to see a commitment to reduce the debt. They want to see tax fairness. They understand that the tax bills that we have passed in recent years provide average tax relief for those under \$50,000 of \$435 a year while those between \$500,000 and \$1 million enjoy \$22,000 of tax relief. They want to see tax fairness.

They want economic opportunity so this economy can grow. They know that the R&D tax credit that allows companies to invest in the future needs to be made permanent. And they certainly want to see more savings in America. They understand that we have a negative saving rate. We know that young people and people of modest income have a very difficult time putting any money away for their retirement savings and too many companies do not offer incentives for their employees. They want to make sure that we extend the saver's credit that allows them to put money away.

Mr. Speaker, my motion to instruct the conferees on H.R. 4297 deals with these opportunities.

When I noted this motion last night, I was not aware that the conference is close to an agreement, and I use that word reluctantly because, as I understand it, there has been no conference. It is basically the Republican members of the conference committee have been negotiating; and according to the most recent Congressional Daily, tax writers are within striking distance of a reconciliation deal.

We have received a red alert from the Concord Coalition. The Concord Coalition, which is a nonpartisan body whose sole purpose is to try to bring some sense in this Congress in dealing with the deficit, says watch out. The deal that is being struck, "instead of choosing among competing priorities," and I am quoting from the Concord Coalition, "identifying revenue offsets or otherwise scaling back the cost of the tax cuts to comply with the budget, Congress is considering gimmicks and legislative maneuvers to circumvent budget limits and increase the deficit even more than the budget already allows. Evading the limits in the budget resolution would make a bad budget worse."

I could not agree more with the Concord Coalition.

So what does my motion do with the tax legislation that is in conference? It provides for four instructions to our conferees:

First, it says to the maximum extent possible within the scope of conference, insist that a conference report will neither increase the Federal budget deficit nor increase the amount of debt subject to the debt limit. I would think that every Member of this body would endorse that instruction to our conferees.

I was just listening to the debate on the budget resolution and heard how we need to rein in the deficit. Well, this is our opportunity to act on that intent. This motion makes it clear that we want to rein in the deficit and the debt to the maximum extent possible. The 2006 budget had a deficit of \$371 billion. The 2007 presented budget will increase the deficit by \$423 billion, and I am not even counting the surpluses from Social Security that should not be counted in this.

□ 1645

According to the Joint Tax Committee, the conference may very well bring out a report that could increase the deficit by another \$80 billion.

Enough is enough. Let's make a commitment to America's future. Let's recognize how dangerous this deficit is to America's future. Let's understand that in order to pay our bills, we have to ask foreign governments to buy our bonds, governments that don't agree with our foreign policy, who buy our bonds not because it is a good investment, but because they want to make sure that the exchange rate between their currency and ours is favorable so they can send more products into America, taking more jobs away from America.

Yes, this is a matter of national security, and that is why this motion speaks to this bill that could make the circumstances much worse. Let's tell our conferees not to do that.

The second part of the motion to instruct deals with two very important tax credits that are scheduled to expire. One is the savers credit. The other deals with the R&D credit. I mention both of those because it is important that we deal with these two credits that are scheduled to expire.

My motion tells us to take the longer period that the other body agreed to. Let's extend for 3 years the savers credit. I want to make it permanent. At least let's make it 3 years. The R&D that allows businesses to reinvest to create jobs, we should make it permanent. Let's make it at least 2 years.

But, Mr. Speaker, let me tell you my fear. I would urge my colleagues to support this motion. Let me tell you my concern. The Concord Coalition is admonishing us that they believe that we will be keeping these politically popular tax cuts hostage to new legislation, that it won't even be in this legislation, in this conference. Instead, we are going to put it in another bill to make the deficit even greater.

This should be our priority, extending these tax credits. This may be our last opportunity to speak to that. So I urge my colleagues who profess to support the savers credit and R&D credit to support this motion.

This motion also deals with the Alternative Minimum Tax, to make it clear we need to extend the Alternative Minimum Tax. If we don't, taxpayers will soon be getting information from the IRS, instructions to let them know that their taxes for 2006 are going to be substantially higher than they are for 2005. For you see, Mr. Speaker, if we don't correct the alternative minimum tax, and let me remind you the bill that passed this body did not include that, if we don't include it at this stage, because this is the bill that is going to be on the way to the President, we are going to find in excess of 15 million of our constituents across the country are going to wake up and find they now have tax liability they didn't expect, not because they are trying to avoid taxes, but because of action taken by us which increased liability for the Alternative Minimum Tax.

So it is critically important. This is our last opportunity to say before the conference is likely to take action that the Alternative Minimum Tax is our priority.

Then the fourth thing, Mr. Speaker, is that we have to make choices. We can't do everything. I was listening to the chairman of the Budget Committee tell us that we can't give everything to everybody that everybody wants. Well, I hope he will vote now in the first vote after his speech to carry that out. We can't do everything that everybody wants and still bring the budget deficit down.

The capital gains and dividend provisions, they are not set to expire until

2008. Let me remind my colleagues of that. We have plenty of time to take that issue up. So my instruction includes holding off on that issue so that in fact we can bring in a conference that is in compliance not only with the letter, but the spirit of our commitment to deal with the budget deficit.

Mr. Speaker, I urge my colleagues to support this motion. I believe this is what almost everyone in this body has been speaking about. Now let's see how they vote.

Mr. Speaker, I reserve the balance of my time.

Mr. ENGLISH of Pennsylvania. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, it is a real privilege to appear opposite the gentleman from Maryland. I realize he is not seeking reelection this year and is aspiring to move up to a higher level. I may say at the outset it has been a privilege working with him on the Ways and Means Committee for the last 12 years. I have come to admire his talents, even when they are enlisted on behalf of something as weak as the instruction before us today. I look forward to debating the point.

Mr. Speaker, we have a motion to instruct that has been put before this body that sends exactly the wrong message. It is a message that is essentially against economic growth and against job creation, and it would put Congress on record, on the brink of our success in a tax conference in favor of things that we have in the past voted against. This instruction in some areas is amorphous, and elsewhere is perverse, and in effect it is an instruction that leads us inevitably to a tax increase.

Mr. Speaker, it is important for us to recognize that since 2003 our gross domestic product has seen its fastest growth in 20 years, averaging a robust 4.4 percent per quarter. This is extremely important, because as we have grown the economy at this clip, we have generated new revenues, new revenues that we had not anticipated in our budget, new revenues that have held down our deficits, new revenues that have created an opportunity for us to finance our social needs. And as we show restraint, as we do in the budget resolution we are voting on today, it holds forth the promise of our getting back to a balanced budget, something that the other party was never able to achieve when they were in the majority.

This growth is important to note, because it is attributable in part to the reduced rates on capital gains and tax dividends.

We have a pro-growth tax policy in place, which has allowed us to expand the tax base and generate revenues outside of the estimates in our budget. I would like to point out that ultimately the path to a balanced budget has to be through high growth rates and ultimately through the financial discipline that today's budget resolution will suggest. Yet, the motion to

instruct conferees before us in effect puts off to a date in the future the opportunity to continue to extend the current tax rates on those pro-growth parts of our existing tax policy, with potentially perverse results.

I would like to also point out, since we have heard so often and we have heard on the floor today that the tax policies we have in place only benefit the affluent, I would like to point out who in the real world has been receiving the reduced rates and therefore whose taxes will we will be raising if we fail to extend the current rate.

Mr. Speaker, it is notable that 54 percent of those families receiving dividend income had incomes of less than \$75,000 and they received an average of \$1,400 in dividends. That is very significant for those families. Together, families with incomes under \$100,000 have more than \$20 billion in dividend income.

In 2005, an estimated 10.3 million families in the 10 and 15 percent brackets will save on their taxes because of the 2003 law. So the rhetoric that this tax relief only benefits the wealthy is vacant ideological posturing.

If we let these rates expire, it would be in effect a tax increase on many Americans, including a lot of middle-class Americans. Not only would the lapse of the reduced rates impose a tax increase, it would particularly discourage equity ownership among working families, among whom we have seen a stunning 91 percent increase in stock ownership. To turn back the clock on policies that have more American workers owning a stake in their future is simply the wrong thing to do today.

Our side also strongly supports extension of the savers credit and the research credit, which is why both of these policies were extended in the House-passed bill. That is already in there. Unfortunately, almost every single member of the minority voted against extending those incentives when the House voted on the bill last December.

I should further point out that our side also strongly supports extending relief from the AMT. In fact, I am a co-chairman of the Zero AMT Caucus and I have been vigorously advocating repeal of the AMT since I came to Congress, an ugly tax legacy of the previous majority. The House has spoken on this issue, and it is worth noting that we voted overwhelmingly in December to extend AMT relief as a stand-alone bill. By moving this relief outside of reconciliation, we can shield millions of families from the AMT without having to raise taxes to do so.

Mr. Speaker, this motion to instruct is asking for a tax increase on effectively the seed corn of the economy. It is asking us at a critical time to put a brake on economic growth when we need it most.

If we are serious about maintaining the forward motion in our economy, I would suggest that we need to maintain our current tax policies and not

undercut our efforts to maintain them. I am calling on the House to vote against this motion. It is the right thing to do.

Mr. Speaker, I reserve the balance of my time.

Mr. CARDIN. Mr. Speaker, I yield myself 30 seconds just to correct the record from my friend from Pennsylvania.

If AMT relief was a priority, you would have put it in budget reconciliation, because you know that is the only legislation that stands a chance of passage to the President. You have had 12 years to fix it and you have not. There is a statute of limitation on how long you can go back to when the Democrats were in control.

In regards to the \$1,400 you referred to for families under \$75,000, I question your numbers. I will tell you, their share of the national debt as a result of your fiscally irresponsible policies will far exceed the \$1,400 in tax relief.

Mr. Speaker, I yield 7 minutes to the gentleman from Michigan (Mr. LEVIN), my colleague on the Ways and Means Committee.

(Mr. LEVIN asked and was given permission to revise and extend his remarks.)

Mr. LEVIN. Mr. Speaker, I would say to Mr. ENGLISH, if you are serious about the AMT, you would vote for this motion to instruct. You can join any caucus you want. It is what happens on the floor that matters.

You talk about the path to the balanced budget. The Republican path to a balanced budget is more deficits, and your notion is more deficits will help growth and eventually we will grow out of the deficit. The trouble is, it isn't working.

When you talk about growth figures, you don't mention that for the typical family in this country, there hasn't been an increase in income. Median income in this country has essentially been flat these last years.

You say if you vote for the motion to instruct it leads to a tax increase. That makes no sense at all. The present provision lasts through 2008. What you are doing is extending it several years from now.

Why does Mr. CARDIN come here again? How many times have we raised this issue? The main reason we bring this is because you distort the facts when you make your arguments. Pure distortion. That was true the last time we debated this.

I read the New York Times article of just this last Wednesday that picks up the pure distortions by the Republicans. I think you have repeated them again. Essentially what was said last time in defense of your position was this: "Nearly 60 percent of the taxpayers with incomes less than \$100,000 had income from capital gains and dividends." The New York Times story goes on to say, "IRS data show that among the 90 percent of all taxpayers who made less than \$100,000, dividend tax reductions benefited just one in

seven and capital gains reductions one in 20." So you either get your distortions out of thin air or from some other source.

You try to say that this is a matter of a tax benefit mostly from the non-wealthy. I just want to read again from the New York Times article, and this traces the 2003 investment income cuts.

□ 1700

The investing income cuts. And here is what happened: The average tax cut for people making less than \$50,000 was \$10. For people making \$50 to \$100,000, the average tax cut—this is again in investment income—was \$68. For the family \$100,000 to \$200,000, the average tax cut was \$268. For someone making \$200,000 to \$500,000, \$1,489. For those \$500,000 to \$1 million, \$5,491. For those making \$1 million to \$10 million, \$25,450. And, again, in contrast to \$10 for less than \$50,000 and \$68 for \$50,000 to \$100,000. On those who are making \$1 million or more, the average cut is \$497,463.

The conclusion in this article, I think not refuted, is that the top one-tenth of 1 percent of taxpayers got 43 percent of the benefit. And you have the gall to come here and talk about these two tax cuts or decreases benefiting the majority of the American people. That is not true.

Now, another myth that you perpetuated is that more people will really benefit from this change in investment income taxation than if we act on AMT. Mr. CARDIN has talked about this, we have talked about this before, we have heard your mythology in the Ways and Means committee from the very beginning. There are going to be 17 million people or more affected by the AMT if we do not act compared to several million now. And you throw your lot in with the millionaires instead of people who are in middle income situations. That is whom you are benefiting, basically.

So that is why we come forth here. You distort the record. We want to tell the truth to the American people. Whose side are the Republicans on? It is the millionaires. I think it is fine if people make a million bucks, but they do not need a tax cut. What is needed is some actual civility and sanity when it comes to the deep deficits here, and also some honesty with the American taxpayer, and not helping a very few and hurting the very many. That is what you are doing.

That is why Mr. CARDIN is coming forth once again, once again, and we are putting you to the test. If you vote wrong today, expect to hear from the American people tomorrow and tomorrow and in November.

Mr. ENGLISH of Pennsylvania. Mr. Speaker, I reserve the balance of my time.

Mr. CARDIN. Mr. Speaker, I yield myself 1 minute to emphasize a point that Mr. LEVIN made.

There is no question that the overwhelming amount of relief provided by

the tax cuts from 2001 and 2003 go to the highest income people. That is not tax fairness. There is modest relief that goes to middle income families, very modest relief. Every dollar and more of that will be eaten up by these increased debts and deficits. The interest costs alone, the share of the National debt all will make whatever relief is provided in here meaningless. And when you take a look at the impact that the deficits are having on our economy and you look at how middle income families are struggling in order to meet their needs, in order to be able to afford the increase in college education and energy costs and health care costs, they are falling further and further behind.

So for the sake of middle income families, I would urge my colleagues to support this motion in the conference to bring back a responsible product.

Mr. Speaker, I reserve the balance of my time.

Mr. ENGLISH of Pennsylvania. Mr. Speaker, I reserve the balance of my time.

Mr. CARDIN. Mr. Speaker, I yield 5 minutes to the gentleman from New Jersey (Mr. ROTHMAN), a distinguished member of the Appropriations Committee who is known for his commitment to tax fairness and fiscal responsibility.

Mr. ROTHMAN. Mr. Speaker, what are the priorities of the Democratic Party? And what are the priorities of the Republican majority, the Republican majority who have been in power in the House and the Senate for 5½ years with a Republican President for 5½ years, with their policies, leading to a greater and greater difference, disparity in incomes between the very rich and the middle class and the working poor and the poor, and the greatest deficit in the history of the United States. That is the result of the priorities and policies of the Republican majority. That is a fact. I believe they are the wrong priorities, and they put us continuous on the wrong track, but that will be up to the voters in November to change.

But what about the comments you hear about these tax cuts that are spurring the economy in unprecedented revenues? Hogwash. Hogwash. The Secretary of Treasury, John Snow, from the Bush administration came before our committee this week and said, Secretary of the Treasury under President Bush said, these tax cuts are responsible for one-third of this deficit. They are responsible for one-third of this deficit, the greatest deficit in the history of the United States. That is what these tax cuts have caused.

He said, by the way, for every dollar in tax cuts we give, we do not get back more money than we gave out in tax cuts. We get 30 to 40 cents for every dollar in tax cuts which means we lose in the Treasury 60 to 70 cents on every dollar we give out. We only get back 30 to 40 cents.

Well, if we could afford that I suppose it would be great to give people back

more money. Then the question is who should get the tax cuts? People on the Republican side of the aisle say boldly, everybody should get a tax cut. Well, I do not know about you but in a time of war, in a time when we have natural disasters like Hurricane Rita and Hurricane Katrina, when people are working harder and not making any more money, they have growing health care bills and are worried about their retirement, they are having their college tuition costs increased by the Republican majority, veterans are paying more than ever because the majority says they do not have the money, they do not have the money, they say, even to inspect more than 5 percent of the containers coming into America, then say we do not have the money.

Hong Kong inspects 100 percent of the containers. What are they doing with the money? They are giving it to the very richest people in the country, and they say it boldly. Yes, we are doing that. Everybody should have a tax cut. Well, you know these same folks have been getting the benefit of trillions of dollars of tax cuts since President Bush took office.

The recession has been over for 3 years. Do they still need the money when we have the biggest deficit in history? And you tell veterans and college kids and seniors, we do not have the money for your program, or parents with kids who have disabilities, we do not have money for your program? They say, well, there they go again, those Democrats, class warfare. Hogwash.

We have to make a decision about what to do with our tax dollars. Should we spend it on people who need it, the middle class, by getting rid of this Alternative Minimum Tax. The Republican majority says no, we do not have the money to get rid of the Alternative Minimum Tax that affects primarily the middle class. They say they do not have the money. They did not put it in the budget.

What they did put in their budget were huge tax cuts for people making over \$500,000, \$1 million, \$10 million, up to the sky. Forty-five percent of the tax cuts under their bill here, 45 percent of the revenues go to people with incomes of \$1 million a year. Is that the country you want to live in where we allow the Republican majority to give our money to the rich and tell everybody else go jump in the lake, pull yourselves up by your boot straps, but the rich should get the money?

There is a difference, Mr. Speaker, between the Democratic Party, who says let's fix that Alternative Minimum Tax that hurts the middle class. Let's spend the money on that, not tax cuts for the very rich.

Mr. ENGLISH of Pennsylvania. Mr. Speaker, how much time do I have remaining?

The SPEAKER pro tempore (Mr. KUHLMANN of New York). The gentleman from Pennsylvania (Mr. ENGLISH) has 23½ minutes remaining.

Mr. ENGLISH of Pennsylvania. Mr. Speaker, I yield 5 minutes to the distinguished gentleman from Michigan (Mr. MCCOTTER).

Mr. MCCOTTER. Mr. Speaker, I assure you I will not use the balance of that time.

Just to point out something that is a continual pet peeve of mine, I am not on Ways and Means and I am not on Appropriations but it seems to me that if you are going to give money to someone it comes through the appropriations process, not through taxation.

Government spends what it takes while people spend what they make. In the final analysis, to provide tax relief to the American people is not an act of giving them anything from the government's largess. What it results in is an act on the part of the government to refrain from taking people's hard-earned money in the first place.

Now, as to the rhetorical question that was asked, if I may turn it into an actual query that was put to us, I would prefer to live in an America where I know that if I work very hard and I follow the law and I want to work and improve my quality of life for myself, my children, and my community and country, is that the fruits of my labor will not be taken from me by the government. And that attempts to make sure that the fruits of my labor are left in my pocket are not considered a giveaway by the Federal Government. Because the fact is it is the confiscation of private property, the act of taxation. The only thing that does to render it criminal is the fact that we have the consent of the governed. In a duly elected country, if the consent of the governed is through their elected representatives not to take that money in the first place, it is not a giveaway.

Mr. CARDIN. Mr. Speaker, I yield 3 minutes to the gentleman from New Jersey (Mr. ROTHMAN).

Mr. ROTHMAN. Mr. Speaker, I just want to respond to the gentleman. Maybe it is a question of religious values, but I thought every major religion in the world said that those with extreme wealth should not be living high on the hog while everybody else is suffering. I thought that that is what every major religion talked about.

If I am correct in my American history, the income tax does not say "give the money to the rich and they do not have to pay any more than the poor."

Our income tax system is a progressive system under the American belief that if you are incredibly wealthy you should be paying a little more in taxes, not only in dollar amount but in percentage of your taxes. That has been our tax policy in this country since there was an income tax at the beginning of the 20th century.

□ 1715

So we know as Americans, as good moral people, Mr. Speaker, that this is the right thing to do. You do not give your money to the people who need it the least.

Now, they say they earned it and you are not giving them back their money. However you want to describe it, how much money do we get in from those taxes? We get in enough money to still have the largest deficit, not pay for education costs and veterans costs and other costs, unless we say to those who got trillions of tax cuts since 2001, you know, you are making over \$500,000 a year, you have got tens of thousands, maybe hundreds of thousands, of dollars in tax cuts since 2001, perhaps during this time of war; perhaps during the time of the greatest deficit in the history of the United States, we are going to say this year, let's give the money or take your taxes and use that money to help the middle class by getting rid of the alternative minimum tax.

Mr. Speaker, I said this before. I will say it again, it is worth repeating. There is a difference between the Democrats and the Republican majority. The Democrat minority, hopefully to be the majority after November, we believe the money that is collected in taxes should be spent wisely, prioritized to meet the needs of our country, the middle class, the working class, to give incentives to people to work.

If you are making \$1 million, \$10 million, you are going to have to pay your fair share, and you can afford to allow your taxes to be used to help the middle class. Your kids are going to have plenty to eat. Your kids are going to college, and you will drive your Rolls Royce and get it filled up every week with gasoline. That is the difference, not class warfare.

What do we do with our money? Give it to the rich or give it to the middle class who are the heart and soul and lifeblood of this economy and this country?

Mr. ENGLISH of Pennsylvania. Mr. Speaker, I yield 2 more minutes to the gentleman from Michigan (Mr. MCCOTTER) in order to steer the discussion away from religion and back toward economic literacy.

Mr. MCCOTTER. Mr. Speaker, I thank you; and before I steer on to that path, I would refer the distinguished gentleman to Pope Benedict XVI's encyclical because it shows where the government is involved in taxation for the purposes of, quote, unquote, leveling, which is trying to discern what is the proper level of material equality in a free society, that the compulsory act of government of taking that money from people and then expending it on someone's behalf vicariously is certainly not tantamount to the moral good in a virtuous society that is achieved by the individual donating that money directly to charity and engaging in the life of their community to help their fellow citizens who are less fortunate.

But I am sorry, I will not continue to go down that path.

It is also interesting, the gentleman talks about not wanting to have class

warfare or class envy at the very time he engages in it. I find that disingenuous, and I will not do the same.

At the end of the day, what I would like, I think, to help frame my debate is, what level of taxation is enough? What level is enough? What is optimum for your particular, I assume hypothetical, level of material equality in this country that would be dictated by the government's confiscatory tax policies and arbitrary policies in appropriation? I want to know what that level is. I want to know the level then would be attained. If I am going to ask people to give their private property to government, I have to show them the end of the line. I have to show them how high it is going to and I have to show them what the concomitant benefit to this country is going to be. I never seem to hear that. For purposes of clarity, I would be interested, what is your ultimate goal?

I also would like to add, just as personal disclaimer, as someone who is middle class, as someone who pays the AMT, who gets notes from their accountant asking if there is anyone who he knows, i.e., me, what can they do about the AMT, I would like to see it gone, and I would also like to see the taxpayers not pitted against each other if we do not have our choice.

I suppose the final analysis, and I will close on this, is that the Republican Party believes that a free people, a free, virtuous people, which we are in this country, will take care of those who are less fortunate and will also ensure that the civil society we live in endures.

I believe that the minority party believes that they can best determine how to control your life, conduct your affairs, and reach some hypothetical abstraction of equality which does not exist.

Mr. ENGLISH of Pennsylvania. Mr. Speaker, if I might inquire of the gentleman on the other side if he has no more speakers, I am prepared, since I believe he has the power to close, I am prepared to make a closing presentation, and I will yield myself accordingly such time as I may consume.

Mr. Speaker, there are obviously a couple of things on the record that need to be corrected.

One of the earlier speakers made a comment about it being hogwash, I think was his elegant term, that the pro-growth policies that this majority put in the Tax Code have helped the economy, have helped economic growth in this country which has achieved record rates, have allowed us to generate new revenue that in turn would bring down the deficit, and yet, in the contrary position, Chairman Greenspan just a few months ago, when he was still in office, testified before our Joint Economic Committee and made very clear that the tax policies of this majority, particularly as they apply to the more dynamic side of the Tax Code, have been successful in generating economic growth and have been successful

in helping the economy. It is precisely about maintaining these tax policies and not doing a tax increase that we consider this motion to instruct.

I think this motion to instruct would be perverse. It has been challenged here whether this motion to instruct, in fact, represents a tax increase. It is curious that some in Washington still argue that when you have put rates into place and the market has adjusted for them, that if you allow those rates to lapse, somehow that is not a tax increase. Only in Washington is that kind of fantasy engaged in.

What is fairly clear is the tax policies that are our majority and our majority's budget resolution attempt to preserve are tax policies that have been beneficial to the economy, and the alternative is clearly a tax increase.

Let us consider the AMT for a moment, and I think this is very important.

To listen to the other side talk about the need to deal with AMT relief through this budget reconciliation overlooks the fact that the House passed an AMT bill by a margin of 414-4 a few months ago. At that point, clearly an overwhelming majority, over 400 Members of this body, felt that passing a bill specifically to deal with the AMT was the right way to go.

So when we had another Member on the other side suggest that it was essential for someone to vote for this instruction if they are serious about dealing with the AMT is absurd. The House has already dealt with the AMT and in a manner that I think is appropriate.

It is appropriate for our tax conference to be in a position to deal with other issues, including extending existing tax policies.

Now, the gentleman from Maryland pointed out at the beginning of his remarks that the current tax rates are going to be in place until the year 2008 on capital gains and on dividend income, and that is, quote, unquote, plenty of time. I would suggest to the gentleman that the markets may disagree with him. The markets are assuming that we are going to extend current rates, and certainly in the past we have never scheduled a tax increase in these areas in advance and telegraphed the punch. I would suggest that markets might respond to this in a very strange way; and by adopting this motion to instruct conferees, in fact, I would suggest it would send exactly the wrong message at a time like this to the markets.

Some might argue that going back to the old higher rates, raising taxes in that manner, might generate revenue; and yet we have heard testimony before the Ways and Means in recent years that suggests that the revenue-maximizing rate in capital gains, according to one expert, might be between 20 percent and 15 percent, but in the next order of probability might be between 15 percent and 10 percent.

I would suggest, since the gentleman from New Jersey raised the question of

morality, there is not really a coherent morality in setting tax rates in a particular area that are above the level at which they will generate the most revenue. I think that the current rates on capital gains clearly have been beneficial, and it is not clear that we are going to generate additional revenue if, as the gentleman on the other side would like to do, we increase those rates.

We have generated revenue that was not captured in our calculations by lowering these rates. Our experience with raising capital gains rates over the years is that the revenue that was supposed to occur rarely does, and that suggests to us that perhaps the 15 percent rate might be an ideal place to generate the most revenue, not that there is ever really a compelling argument for setting a rate at the revenue-maximizing rate.

I think there are also some things that we ought to consider about some of the figures that were thrown out here. I, in my initial remarks, pointed out some of the clear benefits to the middle class that have accrued from the current tax policies, and the gentleman on the other side of the aisle challenged that and trotted out some figures.

I should simply point out for the record that the joint committee has given us different figures, and the other gentleman's argument I found to be a saturnalia of static analysis. So I think that those who are following this debate can listen and make up their own minds. I think that clearly the current tax policies are justified on the facts, and the other side has not really offered a coherent position for adopting a new tax policy.

My feeling is that workers who have taxable assets, who have seen the value of those taxable assets which they are holding toward retirement increase because of the growth, increase because the market has gone up, may I suggest that they have seen a real benefit from our tax policies, one that is not captured in the static analysis used on the other side, but one which is important and is a real measure of wealth and is a real measure of their satisfaction.

I was intrigued by some of the rhetoric on the other side in which, on one hand, a speaker called for us to use civility and then accused us of siding with millionaires. That is an unusual approach to civility, but I would suggest to the speaker that by supporting the current tax policies and supporting the growth that so clearly is their result, we are siding with entrepreneurs. We are siding with workers who depend on small businesses and the people who run them to create the jobs that they need. We are siding with the capitalist economy that has created more wealth and more opportunity in this country than anywhere else in the world. We are siding with the dynamic side of our economy and that part of our economy that we think offers the promise of new opportunities throughout America.

I believe that we have a great opportunity in this tax conference to move forward and to continue this House's policy of supporting pro-growth tax policies. I certainly hope that the House tonight makes very clear that we continue to support those policies; and on the eve of this tax conference, I hope that we come together to send a clear message by rejecting this instruction.

I think there is a clear philosophical difference here. We believe in growth. We believe in expanding opportunity. We believe that the capitalist economy can create those opportunities. We believe that American workers and American companies, where given the opportunity and where the Tax Code and the taxman does not get in their way, can compete anywhere in the world.

Mr. Speaker, with that I call on my colleagues to reject this instruction, perhaps well-meaning, but poorly conceived and clearly a tax increase at the wrong time and at the wrong place.

Mr. Speaker, I yield back the balance of my time.

□ 1730

Mr. CARDIN. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, let me make it very clear. I offered this amendment not as a Democrat, and I don't ask you to vote for it because you are a Democrat or a Republican. I offer it as an American who is concerned about the debt of this Nation. I want to see this Nation change direction. I don't think we are heading in the right direction on our economic policies. I think this debt is very dangerous and I want to change direction.

Let me also just say to my friend from Pennsylvania, words have consequences, so please be careful obviously the words we use in this body. We have a responsibility. It is wrong to say that this motion increases taxes. You are using that because we don't extend in our motion a tax provision that will expire in 2008. Well, Mr. ENGLISH, I could say that you are raising taxes by voting against it because you are only extending the R&D credit to 2007, where that is even shorter than 2008. And I would acknowledge to you that would be a wrong thing for me to say. So please be careful with the language you use. You know that this motion does not increase taxes whatsoever.

A question was asked: What is the appropriate level of taxation? Well, this motion asks: What is the appropriate level of debt? Is anyone going to be concerned about the bottom line debt of our Nation? Isn't there a limit? Now it is \$8.9 trillion. Whether we lose revenues through taxes or spend it through the appropriation process, it costs the people of this Nation the same burden to their economy.

No, I am not happy about the economic progress that we have had over the last 5 years. I am not happy about

our trade deficit of \$720 billion. I am not happy about how many jobs we have exported to other countries. You look at the loss of jobs in America, good jobs, and you look at the job creation, and it is not equal. This has been the worst performance of any administration in modern times as far as the growth of good jobs here in America. So, no, I am not happy about our economic performance.

But what I do ask my colleagues to do is look at this motion that is before you. Read it. It says that we don't want to increase the debt. I would hope all my colleagues would agree with that. It says we want to extend the R&D and the saver's credit to the maximum extent possible. I would think, using my friend from Pennsylvania's argument, that voting against that you are voting for a tax increase. And I don't believe you are, but I just point out the illogic of that argument.

And then it says, yes, we have to make choices, and the Alternative Minimum Tax should be our top priority. Why? Because that expires this year. If we don't correct it in 2006, our constituents are going to have to be paying the Alternative Minimum Tax. And you can keep on saying you will pass legislation to do it, but you know if it is not in the budget reconciliation, if it is not protected by a point of order, we are not going to get it done. We know that. That is why we are saying let's put it in the bill that is going to make it to the President's desk that is going to be signed into law. Let's not play games with this. Let's do what is right for the people of this Nation.

So if you read this motion to instruct, you are going to find that if you are for reducing the debt, if you are for the saver's credit, if you are for the research and development credit, and if you really want to provide Alternative Minimum Tax relief, and then lastly, if you want to avoid a calamity that may in fact be happening if the reports are correct about what is happening in the tax conference, where it is even going to be worse than what we thought, that we are going to be using gimmicks and accounting procedures in order to say that we fit within the budget reconciliation when in fact we don't. I have been told one of the provisions is the RSAs, the retirement savings accounts, which is going to count money as had, even though we are going to lose revenue in the long term.

That is not what we should be doing here. Let's act responsibly. Let's act in the best interest of all the people in our community. Let's not just vote one way or the other because you are told that that is the partisan thing to do. Let's do what is right for this country. Let's speak out about this deficit. Let's speak to the priorities that should be in our Tax Code.

This is our opportunity to do it, and I urge my colleagues to support the motion.

Mr. Speaker, I yield back the balance of my time.



The SPEAKER pro tempore (Mr. CONAWAY). Without objection, the previous question is ordered on the motion to instruct.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to instruct offered by the gentleman from Maryland (Mr. CARDIN).

The question was taken; and the Speaker pro tempore announced that the yeas appeared to have it.

Mr. CARDIN. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, and the Chair's prior announcement, further proceedings on this question will be postponed.

#### MOTION TO INSTRUCT CONFEREES ON H.R. 2830, PENSION PROTECTION ACT OF 2005

Mr. GEORGE MILLER of California. Mr. Speaker, I offer a motion to instruct.

The SPEAKER pro tempore. The Clerk will report the motion.

The Clerk read as follows:

Mr. George Miller of California moves that the managers on the part of the House at the conference on the disagreeing votes of the two Houses on the Senate amendment to the bill H.R. 2830 be instructed to agree to the provisions contained in the Senate amendment regarding the prohibition of wearaway in connection with conversions to cash balance plans and the establishment of procedures affecting participants' benefits in connection with the conversion to such plans and not to agree to the provisions contained in title VII of the bill as passed the House.

The SPEAKER pro tempore. Pursuant to clause 7 of rule XXII, the gentleman from California (Mr. GEORGE MILLER) and the gentleman from California (Mr. McKEON) each will control 30 minutes.

The Chair recognizes the gentleman from California (Mr. GEORGE MILLER).

Mr. GEORGE MILLER of California. Mr. Speaker, I yield myself 7 minutes.

Mr. Speaker, I offer a motion to instruct conferees on H.R. 2830, the Pension Protection Act. The Senate appointed conferees on March 3 and the House on March 8, and yet 1 month later it appears almost no progress has been made. In fact, I actually would say that the conference seems to have gone backwards. Senator ENZI, the conference chair, promised that there would be an open and bipartisan conference; Mr. Leader BOEHNER promised the same. Instead, both meetings have been held in secret by a small group of Republican conferees.

There are a lot of important issues pending in the pension conference. Every day employers are dumping their pension plans and millions of workers are deeply worried about their retirement security and whether or not they will have sufficient funds for their retirement to support their families. One of the key issues pending in the conference is whether or not older workers

will be protected when employers convert their traditional defined benefit plans to a so-called cash balance plan. It is a critical issue for millions of American workers, and it is not a new issue to this House.

During the 1990s, hundreds of large employers switched to these cash balance plans, including IBM, whose conversion was ruled illegal. As many as 8 million workers have been affected by these conversions, many of them, perhaps half of them, experienced deep cuts in their pension benefits as a result of these conversions.

Let's be clear. Companies promised these benefits to these workers. These workers earned these benefits. Then with some paperwork and a little fancy accounting footwork, companies slashed the benefits of these workers. How did the companies do it? First, the benefits of the traditional pension plan are based upon the worker's pay at the end of their careers and when they are earning the most. Cash balance plans, on the other hand, are based on worker's average pay over the course of their career.

With just a simple change on how benefits are calculated, companies can devastate the retirement nest eggs of hard-working employees, workers who gave up wages, who gave up vacation days, who gave up all kinds of benefits as they balanced out their pension plans. Yet we now see companies unilaterally essentially destroying the pension benefits that those workers are entitled to.

Older workers under these conversions can lose up to half, half of their expected retirement benefits. Don't take my word for it. That is according to the Government Accountability Office. They tell us that that is what happens to older workers. This chart shows exactly what happens. This is what would happen to the workers who went into the workforce at age 25 and worked for a company. They would see their traditional retirement benefits continue to go up. With a cash balance plan, the retirement benefits go down.

For the older workers, this is what they stand to lose. For anyone over about the age of 46, 47 years old, they have a substantial change in the pension benefit that they were counting on. Obviously, for these workers out here, at age 55, it is very difficult, if not impossible, to see how they would recover a sufficient amount of savings to provide for the retirement that they were planning on at that time.

And it gets worse if you are 60 years old. So anybody after 45 years of age is greatly disadvantaged under these plans. And that is what is going on in the pension conference committee, is whether or not we will have the opportunity to provide for those older workers.

What we now see is that IBM did this and the court stopped those conversions in 1999. The House voted overwhelmingly on several occasions in support of amendments urging the pro-

tection of older workers. The Bush administration first tried to lift the moratorium and legalize these conversions. But after 218 Members of the House or the Congress urged the President to reconsider, he withdrew that proposal. The Bush administration changed its position and has submitted proposals that do more to help the older workers.

As part of the pension funding reform legislative debate, Senators Baucus, Kennedy, Frist, Grassley, Hatch and Lott brokered a compromise. The compromise largely follows the Bush administration proposal and was passed by the Senate 97-2. This motion to instruct that I am offering today urges the conferees to support the Senate compromise on protecting older workers in the cash balance conversion.

The House-passed bill contains no protection for older workers and would actually legalize some of the worst employer practices that jeopardizes worker retirement security and their retirement nest eggs.

The AARP, the AFL-CIO, the National Committee to Preserve Social Security and Medicare, the National Legislative Retirees Network, and the Pension Rights Center all support this motion. The AARP opposes any pension funding reform bill that does not protect older workers affected by these cash balance conversions.

The House of Representatives has already voted three times to require the Treasury Department to protect older workers from age discrimination in cash balance conversions. In 2002, the amendment passed by a vote of 308-121; in 2003, it passed 258-160; and in 2004, it passed 237-162. Mr. Speaker, obviously this House has recognized the unfairness of the cash balance plans to older workers and that older workers ought to be protected.

We believe that older workers ought to be given a choice. That is what the Congress did when it changed its pension plan. That is what Secretary of Commerce Snow said that he did when he was running his company, when he sat on the board of other companies, because he said that was the fair thing to do. The Bush administration has come around to that position. The only place where we don't hold that position is under the Republican-passed bill on the pensions that is now in the conference committee.

That is why this motion to instruct is important, so that we can make sure that, at a minimum, we can exit that conference committee with the Senate-passed provisions that passed 97-2 to help protect, not perfect, but to help protect older workers who are subject to these dramatic changes by their employers, and who have very little opportunity to recover that nest egg of retirement benefits that they were counting on, that they worked hard to earn, that they negotiated with their employers and now simply, by a unilateral action, are ripped away from them.

It is not fair, it is not ethical, it is not right, and this Congress ought to